

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 10147 242049Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 SP-02 EB-08 INR-10 NSCE-00  
TRSE-00 OMB-01 /049 W  
-----124185 250707Z /13R

R 242029Z MAR 7(  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 9138  
INFO AMEMBASSY ANKARA  
AMEMBASSY BONN

LIMITED OFFICIAL USE PARIS 10147

USOECD

PASS AID

E.O. 11652: N/A  
TAGS: TU, GW, EFIN, EAID  
SUBJECT: TURKEY CONSORTIUM

REF: PARIS 10034

1. CONSORTIUM CHAIRMAN GIEL GAVE FOLLOWING LETTER TO  
ALL CONSORTIUM MEMBERS TODAY.

QUOTE

AS YOU KNOW, FOR SOME TIME THE TURKISH ECONOMIC  
SITUATION AND IN PARTICULAR THE BALANCE OF PAYMENTS  
HAS INCREASINGLY BEEN WORSENING. DIFFICULTIES STARTED  
WITH THE OIL CRISIS AT THE END OF 1973, BUT THE SITUA-  
TION BECAME PARTICULARLY WORRISOME FROM THE BEGINNING  
OF LAST YEAR WHEN TURKEY BEGAN TO RATION SCARCE FOREIGN  
EXCHANGE TO PAY FOR PRIORITY IMPORTS AND ACCUMULATED  
SUBSTANTIAL PAYMENTS ARREARS. SINCE THAT TIME, THE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 10147 242049Z

CONSORTIUM MANAGEMENT HAS TRIED INCESSANTLY TO DISCUSS  
THE SITUATION AND ANY ACTION THAT MIGHT BE NEEDED TO  
OVERCOME IT WITH THE TURKISH AUTHORITIES. BUT DUE TO  
DOMESTIC POLITICAL DIFFICULTIES AND THE PREPARATION OF  
EARLY ELECTIONS IN JUNE 1977 THIS PROVED IMPOSSIBLE.  
WHEN I WAS FINALLY INVITED TO GO TO ANKARA IN DECEMBER

1977, THE GOVERNMENT IN POWER FELL SHORTLY AFTER MY VISIT. DURING ALL THIS TIME I WAS ALSO IN CLOSE CONTACT WITH THE IMF, AS THERE WAS FROM THE BEGINNING A CLEAR UNDERSTANDING AMONG MEMBERS OF THE CONSORTIUM THAT ANY ADDITIONAL MEASURES IN FAVOR OF TURKEY TO BE TAKEN BY THE CONSORTIUM WOULD DEPEND ON THE CONCLUSION OF A STAND-BY AGREEMENT WITH THE IMF.

IN JANUARY, THE NEW GOVERNMENT FORMED UNDER PRIME MINISTER BULENT ECEVIT INFORMED ME THAT IT WANTED FIRST TO REFLECT ON THE NECESSARY ECONOMIC MEASURES AND TAKE THE REQUIRED DECISIONS BEFORE RENEWING NEGOTIATIONS WITH INTERNATIONAL INSTITUTIONS, I.E., THE IMF AND THE TURKISH CONSORTIUM.

SEVERAL IMPORTANT ECONOMIC STABILIZATION MEASURES WERE INTRODUCED IN THE PERIOD FEBRUARY/MARCH, INCLUDING THE NECESSARY STEP TO DEVALUE THE TURKISH LIRA BY ONE-THIRD. IMMEDIATELY AFTERWARDS I WAS INFORMED THAT THE TURKISH AUTHORITIES WERE STARTING NEGOTIATIONS WITH THE IMF FOR A STAND-BY CREDIT AND WISHED TO DISCUSS WITH ME AS SOON AS POSSIBLE SUPPORT THROUGH THE TURKISH CONSORTIUM.

THE NEGOTIATIONS WITH THE IMF HAVE NOW BEEN TERMINATED SUCCESSFULLY AND THE LETTER OF INTENT WAS SIGNED BY THE TURKISH MINISTER OF FINANCE IN WASHINGTON ON 23RD MARCH 1978. I EXPECT TO VISIT ANKARA SHORTLY AFTER THE EASTER HOLIDAY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03     PARIS 10147 242049Z

ALTHOUGH I HAVE BEEN DISCUSSING THE FORM CONSORTIUM ACTION MIGHT BEST TAKE AT THIS STAGE BILATERALLY WITH MOST MEMBERS, I FEEL -- IN VIEW OF THE SIZE AND COMPLEXITY OF THE PROBLEM INVOLVED -- IT WOULD BE NECESSARY BEFORE CALLING A FORMAL MEETING OF THE CONSORTIUM, WHICH THE TURKISH AUTHORITIES HAVE REQUESTED, TO HAVE A FIRST AND PRELIMINARY EXCHANGE OF VIEWS ON THE ACTION REQUIRED AND POSSIBLE, AFTER MY FORTHCOMING VISIT TO ANKARA.

I SUGGEST THAT THIS INFORMAL MEETING TAKE PLACE AT THE CHATEAU DE LA MUETTE ON 10TH APRIL 1978. (THE EXACT DATE AND TIME OF THE MEETING WILL BE NOTIFIED TO DELEGATIONS ONCE MY TRAVEL PLANS ARE FIRM.) I HAVE ALSO TENTATIVELY RESERVED A MEETING ROOM FOR A FULL AND FORMAL CONSORTIUM MEETING IN PARIS, ON 28TH APRIL 1978. UNQUOTE.

2. COPIES OF LETTER POUCHED.  
SALZMAN

LIMITED OFFICIAL USE

NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSORTIUMS, SPEECHES, TEXT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PARIS10147  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D780131-0977  
**Format:** TEL  
**From:** PARIS USOECD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197803123/aaaaffty.tel  
**Line Count:** 120  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON MICROFILM, TEXT ON-LINE  
**Message ID:** 995f5ebb-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 PARIS 10034  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3163511  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> mcm 970812  
**Subject:** TURKEY CONSORTIUM  
**TAGS:** EAID, EFIN, GE, TU  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/995f5ebb-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014